

Message Text

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ORIGIN TRSE-00

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TO AMEMBASSY BRUSSELS PRIORITY
INFO AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY BONN

C O N F I D E N T I A L STATE 121929

BRUSSELS FOR USEEC, PARIS ALSO FOR US OECD

E.O. 11652: GDS

TAGS: EFIN, ETRD, EEC, OECD

SUBJECT: EXPORT CREDITS--AIRCRAFT FINANCING

REF: (A) BONN 8218, (B) BRUSSELS 8943, (C) BRUSSELS 8978,
(D) LONDON 7379, (E) PARIS 14864

1. WASHINGTON AGENCIES REGRET CANCELLATION OF EXPLORATORY
DISCUSSIONS WITH MEMBERS WHO WERE WILLING TO HAVE SUCH
PRELIMINARY TALKS.

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2. WASHINGTON AGENCIES ARE VERY SENSITIVE TO QUESTION OF
COMMISSION JURISDICTION IN EXPORT CREDIT AREA. WE HAVE AT
ALL TIMES SOUGHT TO MAINTAIN COMMISSION GOODWILL AND
COOPERATION. IN THE CASE OF THE REQUESTED BILATERALS ON
AIRCRAFT FINANCING, WE FELT THAT A BETTER UNDERSTANDING OF
THE VIEWS AND PRACTICES OF THE KEY COUNTRIES PROVIDING
EXPORT CREDIT SUPPORT FOR AIRCRAFT, I.E., GERMANY AND

FRANCE FOR THE AIRBUS AND THE U.K. WITH RESPECT TO ROLLS ROYCE ENGINES, WAS ESSENTIAL BEFORE WE COULD INITIATE DISCUSSIONS WITH THE EC COMMISSION. OUR INTENT WAS TO INVITE THE COMMISSION (KLEIN) TO WASHINGTON AFTER WE HAD SORTED OUT THE INFORMATION OBTAINED IN THE MAY 22-24 TALKS.

3. JOINT MEETING PROPOSED BY KLEIN (REF C) UNLIKELY TO PROVIDE THE KIND OF INFORMATION WE WERE SEEKING ON AN

INDIVIDUAL BASIS FROM THE FRENCH, THE GERMANS AND THE U.K. WE THEREFORE SUGGEST MISSION EXPLORE WITH KLEIN:

(A) A JOINT EXPLORATORY MEETING WITH KLEIN AND OFFICIALS OF THE CONCERNED MEMBER STATES ON TUESDAY MORNING, MAY 23. AT THIS SESSION, WE WOULD DISCUSS OUR CONCERNS ABOUT THE APPARENT ESCALATING EXPORT CREDIT COMPETITION ON COMMERCIAL JET AIRCRAFT, E.G., ECGD OFFER TO GUARANTEE PANAM PURCHASE OF L-1011'S WITH ROLLS ROYCE ENGINES, LEASE OF AIRBUS TO EASTERN AIRLINES, AND MORE LIBERAL TERMS OFFERED BY EXIMBANK INCLUDING STATED WILLINGNESS MATCH MOST FAVORABLE TERMS OFFERED BY OTHERS. WE HAVE NO PROPOSAL TO OFFER BUT FEEL THAT OECD STANDSTILL NOT EFFECTIVE INSTRUMENT TO AVOID COSTLY AND WASTEFUL COMPETITION AND THE GENERATION OF SERIOUS ILL WILL.
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(B) AS A COMPLEMENT TO THE JOINT MEETING AND BEGINNING IN THE AFTERNOON OF MAY 23 AND EXTENDING THROUGH MAY 24, INDIVIDUAL BILATERALS WITH THE FRENCH, GERMAN AND U.K. REPRESENTATIVES AT THE U.S. MISSION, OR THE RESPECTIVE MISSIONS. WE HOPE TO USE THESE MEETINGS TO GAIN A BETTER UNDERSTANDING OF THE VIEWS AND PRACTICES OF KEY COUNTRIES PROVIDING EXPORT CREDITS FOR AIRCRAFT. WE WOULD ENVISAGE MEETING WITH THE FRENCH ON TUESDAY AFTERNOON, THE GERMANS ON WEDNESDAY MORNING AND THE U.K. ON WEDNESDAY AFTERNOON. THERE WOULD BE A WRAP UP SESSION WITH THE COMMISSION AND THE MEMBER STATES ON THURSDAY MORNING.

4. TO REASSURE COMMISSION THAT THESE DISCUSSIONS ARE EXPLORATORY IN NATURE AND INTENDED TO IMPROVE OUR UNDERSTANDING OF MEMBER STATE VIEWS, U.S. TEAM WILL BE SMALL, COMPOSED OF MURRAY RYSS, SPECIAL ASSISTANT TO THE DEPUTY ASSISTANT SECRETARY OF THE TREASURY; JOHN DUFF, DEPUTY GENERAL COUNSEL, EXIMBANK; AND CHOSEI KUGE, EXIMBANK.

5. WE REGRET THAT PROPOSED JUNE 1 DATE FOR JOINT MEETING RAISES SOME PROBLEMS FOR U.S. TEAM AND ASK COMMISSION

AND MEMBER STATE INDULGENCE TO MAY 23-25 DATES. VANCE

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